



BCStats

Infoline

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June 8, 2012

- Provincial jobless rate jumps to 7.4% in May
- B.C. exports increase 1.7% in April
- Value of building permits issued in B.C. rises 15.2% in April

### Labour Force Survey

- Employment in British Columbia remained virtually unchanged (*seasonally adjusted*) in May while the size of the province's labour force expanded sharply (+1.2%). As a result B.C.'s unemployment rate rose 1.2 percentage points to 7.4% in May.

The number of people working in the province's goods-producing sector tumbled 2.5%, with job losses in forestry, fishing & mining (-8.3%), agriculture (-8.0%), construction (-1.9%), and manufacturing (-1.6%).

The service sector made modest gains (+0.6%) in May, chiefly due to increased employment in the educational services (+5.2%), health & social services (+2.6%) and wholesale & retail trade (+2.4%) industries. Dampening these gains, however, were workforce contractions in the information, culture & recreation (-5.0%), business, building and support (-4.5%), and professional, scientific & technical (-2.1%) services industries.

*Data Source: Statistics Canada*

- Nationally, the jobless rate remained unchanged at 7.3% (*seasonally adjusted*), as employment growth stalled in May. New Brunswick posted the largest monthly increase (+1.5%), followed by Alberta (+0.5%), and Quebec (+0.4%). P.E.I. (-1.4%), Newfoundland and Labrador (-0.7%), and Ontario (-0.3%) registered the largest declines.

*Data Source: Statistics Canada*

- Average weekly wages in British Columbia were \$836.13 in May, slightly below the national average (\$863.53). Among B.C.'s youth

(aged 15 to 24 years), weekly wages were \$391.10, roughly comparable to the Canadian average (\$408.78). Meanwhile, those aged 25 to 54 years earned an average weekly wage of \$918.15.

At the industry level those employed in forestry, fishing, mining, quarrying, oil and gas extraction earned the highest average weekly wage on average (\$1,284.72), followed by those working in public administration (\$1,172.67) and utilities (\$1,146.79).

*Data Source: Statistics Canada*

### The Economy

- The value of exports originating in British Columbia rose 1.7% (*seasonally adjusted*) in April. A higher value of shipments of energy products (+8.3%) was the main reason for the increase in total exports, with machinery & equipment (+4.3%) and forestry products (+2.2%) also contributing. Chipping away at these gains were weaker exports of industrial & consumer (-7.2%) and agricultural & fish (-2.0%) products.

The value of goods destined for the U.S. fell 1.2% in April, with sagging energy shipments (-8.1%) responsible for most of the decline. Exports to overseas customers climbed 3.8% with a surge in sales of energy products (+15.5%) making up for a substantial drop in industrial & consumer products (-12.3%).

*Data Source: Statistics Canada & BC Stats*

- Residential construction investment in the province jumped 4.4% (*seasonally adjusted*) during the first quarter of 2012, recovering ground lost in each of the two previous quarters. Investment in apartment buildings

Report

Is Cross-Border Shopping on the Rise?

### Did you know...

British Columbians are more likely to give up their mobile phone (75%) than their computer (25%).

*Data Source: Ipsos*

(+9.7%) continued to climb, with more modest gains in spending on single-detached homes (+3.2%). Total investment in row housing projects was down sharply (-6.2%), a third consecutive quarterly decline.

*Data Source: Statistics Canada & BC Stats*

- **The total value of building permits issued by British Columbia municipalities rose 15.2% (seasonally adjusted) in April.** This advance was led by a considerable increase in the non-residential sector (+54.8%). The value of residential permits, on the other hand, fell slightly (-2.4%) during the month.

Nationally, the value of building permits issued fell 5.2% in April, a decline that was largely driven by a drop (-20.7%) in building intentions in Ontario. Newfoundland and Labrador (-47.2%), Nova Scotia (-30.0%) and Manitoba (-25.8%) also posted double-digit declines.

*Data Source: Statistics Canada*

- **On a year-to-date (January to April) basis, the value of building permits issued in B.C. was up 19.5% over the same period in 2011.** Permit values in North Coast remained high (+2587.1%) as a result of a surge in industrial permits in the Kitimat area in February, representing roughly two-thirds of all industrial permits issued in B.C. Meanwhile, permits in Cariboo (+107.7%) were more than double the value in the same period of 2011. Kootenay (+37.5%), Northeast (+32.4%), and Mainland/Southwest (+10.7%) all registered double-digit increases, while the gain was more moderate in Vancouver Island/Coast (+3.1%). Thompson/Okanagan (-20.0%) and Nechako (-14.0%) were the only regions posting a slowdown in building intentions.

*Data Source: Statistics Canada*

- **Lumber production at sawmills in British Columbia advanced 7.3% in March compared to the same month in 2011.** Both Coastal (+8.0%) and Interior (+7.2%) mills posted increases. On a year-to-date basis, production in B.C. was up 7.8% over the first quarter of 2011.

At the national level, lumber production expanded 3.2% in March, led by increased output in Nova Scotia, (+37.0%), New Brunswick (+8.6%), and B.C. (+7.3%). Sawmills in Ontario (-11.8%) and Quebec (-6.2%) posted slowdowns in lumber production.

*Data Source: Statistics Canada*

### Crime

- **In 2010, the police-reported clearance rate for police services in British Columbia rose 1.3 percentage points to 29.6%.<sup>1,2</sup>** Between 2000 and 2005, clearance rates in B.C. had been in decline, slipping from 26.6% in 2000 to a low of 23.0%. Since 2005, however, clearance rates have risen steadily to the current rate of 29.6%. Police-reported violent crimes were more than twice as likely to be cleared (49.0%) as non-violent offences (22.1%).

Among B.C.'s three largest municipal police services, Victoria Police (35.6%) had the highest clearance rate in 2010, followed by Vancouver Police (29.0%) and Surrey RCMP (23.8%).

Canada-wide, the police-reported clearance rate was 39.4% in 2010, up 0.8 percentage points from the previous year. Among the provinces, clearance rates were highest in Saskatchewan (50.3%) and New Brunswick (45.4%). The clearance rate in B.C. (29.6%) was the lowest in the country, well below Newfoundland and Labrador (34.3%), the province with the next lowest rate.

*Data Source: SC Cat. no. 85-002-X*

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<sup>1</sup> Clearance rates represent the share of criminal incidents solved by police, whereby an accused is identified and either charged with an offence or processed by some other means such as warnings, cautions, and/or referral to community or extrajudicial sanctions programs.

<sup>2</sup> To reflect the relative severity of different offences, clearance rates have been weighted by the average sentence handed down by Canadian criminal courts.

## Is Cross-Border Shopping on the Rise?

Since bottoming out at under 63 cents U.S. in early 2002, the Canadian dollar has experienced substantial appreciation, such that in the last couple of years it has been hovering around par with its American counterpart.

In the last decade, the Canadian dollar has appreciated substantially relative to its American counterpart

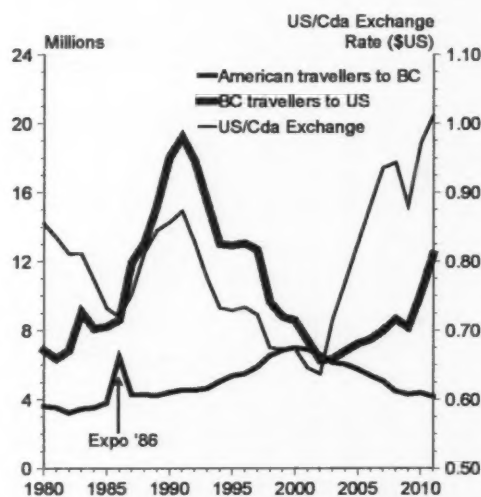


Source: Pacific Exchange Rate Service

While most attention seems to be paid to the negative aspects of a high dollar, there are actually a number of benefits to a strong Canadian currency. First and foremost, a strong dollar generally signifies a healthy economy, at least relative to other countries. It also helps keep interest rates low, which can be a benefit to both businesses and consumers. In addition, prices of imports are lower, which, combined with low interest rates, makes it much more affordable for Canadian manufacturers to make upgrades to machinery and equipment.

Nevertheless, there are some sectors for which a high Canadian dollar can be problematic. For example, Canadian retailers located near the Canada-U.S. border may have trouble competing with operations south of the border when the Canadian dollar is around par or better against the American greenback. The data show that at times when the Canadian dollar has undergone significant appreciation, there have been large increases in travel by British Columbians to the United States. The exchange rate has far less of an effect on American travel to British Columbia.

The exchange rate has a far more significant effect on the volume of travel from B.C. to the U.S. than vice versa



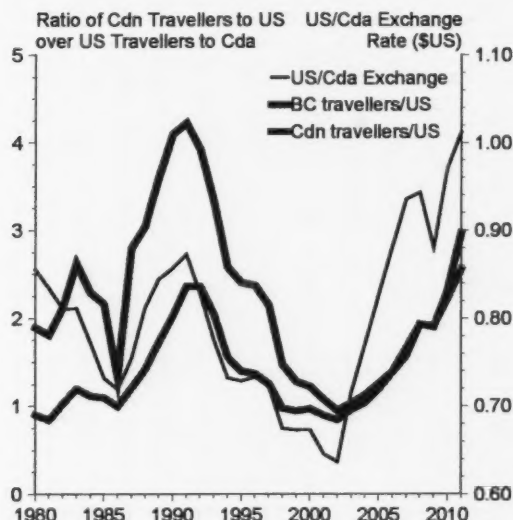
Source: Statistics Canada

In the years when the Canadian dollar was sitting at historical lows, the ratio of Canadians visiting the U.S. over Americans visiting Canada was more or less one-to-one. In the years when the loonie was valued at around US 85 cents or higher, that ratio climbed to



more than two-to-one for Canadians as a whole, and up to four-to-one for visitors from B.C. to the U.S. compared to Americans visiting British Columbia.

When the Canadian dollar is near par with its American counterpart, there are far more Canadian travellers to the U.S. than vice versa

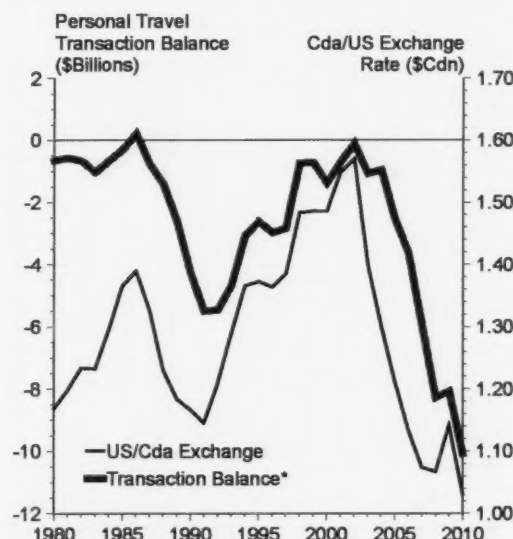


Given the higher volume of Canadians travelling south compared to Americans travelling north, it is not surprising to see that personal travel expenditures by Canadians in the U.S. are considerably higher than the corresponding expenditures by Americans visiting Canada. In 2010, the difference amounted to \$10 billion, at a time when the Canadian dollar was flirting with par with its American counterpart.

With around 60 percent of Canadian travel to the United States consisting of people returning to Canada the same day, one can speculate that at least a portion of these travellers are visiting the U.S. for the purpose of engaging in cross-border shopping. As such, some of the

money spent by Canadians in the U.S. is likely attributable to this purpose as well.

With a dollar near par, Canadian travellers (excluding business) are spending far more in the US than Americans are spending in Canada



\*Personal travel expenditures by Americans in Canada minus spending by Canadians in the US

Despite the fact that in the last few years the loonie has been at or above par with the greenback, the number of visits by Canadians to the U.S. has not reached the levels seen in the early 1990s when the Canadian dollar was worth only around US 85 cents. There are a number of possible explanations for this. One reason may be the increased hassle associated with crossing borders given the enhanced security measures in a post-9/11 world. In addition, since the early 1990s, many American retailers have established a presence in Canada, offering Canadians increased variety in the goods available on the northern side of the border. The more broad-based adoption of e-commerce has also offered Canadians the opportunity to purchase goods from the U.S. or other international retailers without leaving home.

However, a loonie that has been persistently at or above par over the last year, combined with price stickiness on the Canadian side of the border, such that Canadian prices are often still well in excess of corresponding American prices, has led to a ramp-up in visits by Canadians to the United States, particularly on same-day return trips. One has to assume that cross-border shopping is one of the main activities of a large portion of these trips.

Retailers in Canada have responded to criticism over the price differentials by pointing out a number of reasons for higher costs in Canada. These include federal import duties, higher transportation costs and the fact that multinational distributors are charging Canadian retailers more than their American competitors.

These may be valid reasons, but ultimately the consumer will decide where to buy based on where they can get the best value for their money. If Canadian retailers are unwilling or unable to adjust their prices, it is possible they will see their customer base shrink. Starting June 1<sup>st</sup>, Canadian duty-free limits were raised,<sup>1</sup> which could further impact Canadian retailers, although duty-free limits only kick in after a minimum 24-hour stay, so it shouldn't impact same-day cross-border shopping. Nevertheless, it is one more challenge that retailers in Canada will have to face.

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<sup>1</sup> For stays of 24-48 hours, the limit climbed from \$50 to \$200; for stays longer than 48 hours, the limit was raised to \$800, up from \$400 for visits less than a week and from \$750 for visits of seven days or more.



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also on the Internet at [www.bcstats.gov.bc.ca](http://www.bcstats.gov.bc.ca) or choose **RSS**

## BC at a glance . . .

POPULATION (thousands)		
	Jan 1/2012	% change on one year ago
BC	4,597.9	1.0
Canada	34,670.4	1.1
GDP and INCOME (Released Nov 8)		
(BC - at market prices)	2010	% change on one year ago
Gross Domestic Product (GDP) (\$ millions)	203,147	5.9
GDP (\$ 2002 millions)	167,140	3.0
GDP (\$ 2002 per Capita) (reflects revised pop)	36,899	1.4
Personal Disposable Income (\$ 2002 per Capita)	26,166	2.2
TRADE (\$ millions, seasonally adjusted)		
		% change on prev. month
Manufacturing Shipments - Mar 2012	3,186	0.4
Merchandise Exports - Apr 2012	2,749	1.7
Retail Sales - Mar 2012	5,137	-0.2
CONSUMER PRICE INDEX		
(all items - Apr 2012)	% change on one year ago	12-month avg % change
BC	1.6	2.1
Vancouver	1.9	2.1
Victoria	1.6	1.9
Canada	2.0	2.7
LABOUR FORCE (thousands)		
(seasonally adjusted)	May 2012	% change on prev. month
Jobs Created (-Lost) - BC	-0.2	
Labour Force - BC	2,503.6	1.2
Employed - BC	2,318.6	0.0
Unemployed - BC	185.0	19.9
		Apr 2012
Unemployment Rate - BC (percent)	7.4	6.2
Unemployment Rate - Canada (percent)	7.3	7.3
INTEREST RATES (percent)		
	Jun 6/2012	Jun 8/2011
Prime Business Rate	3.00	3.00
Conventional Mortgages - 1 year	3.20	3.50
- 5 year	5.24	5.39
US-CANADA EXCHANGE RATE		
	Jun 6/2012	Jun 8/2011
(avg. noon spot rate) Cdn \$ per US \$	1.0286	0.9714
(closing rate) US \$ per Cdn \$	0.9716	1.0249
AVERAGE WEEKLY WAGE RATE		
(industrial aggregate - dollars)	May 2012	% change on one year ago
BC	836.13	0.5
Canada	863.53	3.1

### SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada  
Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics  
For latest Weekly Financial Statistics see [www.bankofcanada.ca](http://www.bankofcanada.ca)

### Census 2011 Fast Facts

The age-sex data from the 2011 Census have been released. For the first time, since reporting began, persons 65 years of age and older outnumbered 0 to 14 year-olds in BC. The census counted 688,710 British Columbians who had crossed the milestone 65, slightly more than the 677,360 who have not yet made it to 15. Read more on the 2011 Census page:

<http://www.bcstats.gov.bc.ca/StatisticsBySubject/Census/2011Census.aspx>

### New RSS Feeds From BC Stats

BC Stats has published several new RSS feeds, including: Aboriginal Peoples, Business and Industry, Census, Economic Statistics, Education, Environment, Geography and Mapping, Income, Pensions, Spending and Wealth, International and Interprovincial Trade, Labour, Population, Demography and Immigration, and more.

<http://www.bcstats.gov.bc.ca/Help/RSSFeeds.aspx>

### The 2011 National Household Survey

Release dates have been set as:

#### May 8, 2013

- Immigration; Citizenship; Place of birth; Language; Ethnic origin; Visible minorities; Religion; Aboriginal Peoples

#### June 26, 2013

- Labour; Education; Place of work; Commuting to work; Mobility and migration; Language of work

#### August 14, 2013

- Income; Earnings; Housing; Shelter costs

<http://www12.statcan.gc.ca/nhs-enm/index-eng.cfm>

### Released this week by BC Stats

- Labour Force Statistics
- Economic Statistics Report
- Earnings and Employment Trends
- Exports

### Next week

- No periodicals

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